

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

DECISION

Agenda Item No 7

meeting date: 27 OCTOBER 2015  
title: TREASURY MANAGEMENT  
submitted by: DIRECTOR OF RESOURCES  
principal author: TRUDY HOLDERNESS

## 1 PURPOSE

- 1.1 To provide you with a monitoring report on our treasury management activities for period 1 April 2015 to 30 September 2015.
- 1.2 To seek Member approval on the review of the maximum limits per institution.
- 1.3 Relevance to the Council's ambitions and priorities:
  - In accordance with the corporate strategy priority -"to ensure a well-managed Council, by maintaining critical financial management and controls." This report provides members with information regarding the treasury management activities for the period.
- 1.4 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.
- 1.5 In accordance with this policy committee should receive a quarterly monitoring report on the Council's treasury management operations.

## 2 BACKGROUND

- 2.1 Events in recent years have raised the profile of the treasury management function and highlighted the potential serious risks involved.
- 2.2 The Council borrows any money it requires to fund its capital spending plans from the Public Works Loan Board. They make funds available for long loan periods at interest rates just below market rates and lend to Government and Public bodies. The Council rarely borrows to fund its revenue activities and is much more likely at any point in time to have surplus funds to invest.
- 2.3 On a daily basis we assess our cash flow position. To do this we estimate the funds we expect to receive e.g. council tax payments, grants and fees, and deduct any known payments we expect to make e.g. precepts, creditors and salaries.
- 2.4 On most days the Council is in a position where it has surplus funds available to invest.
- 2.5 How we invest these surplus funds is governed by the Council's Treasury Management policies and practices agreed and reported to Policy and Finance Committee and ultimately Full Council.
- 2.6 The main points being:
  - (i) The Council maintains a list of organisations it will lend its surplus funds to, which is regularly reviewed. The current list is shown in section 7 of this report.
  - (ii) The Council has maximum limits for each institution of £1.5m with the exception of the Debt Management Office (DMO), where the Government guarantees investments. Our limit with the DMO is currently £5m.

- (iii) The safety of our investments is paramount and not the requirement to maximise returns.
- (i) Our policy has been to only lend to major British Banks and Building Societies relying on the assumption that the Government would be unlikely to allow a major bank/building society to fail.

### 3 PUBLIC WORKS LOAN BOARD

- 3.1 Nationally, bank base interest rates have remained static at 0.5% in the period.
- 3.2 This low interest rate has had no immediate effect on the interest payable on the Council's long-term loan debt from Public Works Loan Board (PWLB), which is all at fixed interest rates. However, it has resulted in a continued low level of income from our temporary investments.
- 3.3 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from PWLB. The reduction was to be applicable for those councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans'.
- 3.4 The discount is being provided largely in return for the government's request for local authorities to voluntarily provide information on their three year plans for borrowing, capital spend, debt financing and also a commentary on the main capital priorities to be financed over the period. By receiving this information the government will be better able to build more robust forecasts of public expenditure.
- 3.5 The returns are requested on an annual basis and must be completed in order to qualify for the certainty discount rate. A return has been submitted for Ribble Valley Borough Council and we are now listed as an eligible council on the PWLB website.

### 4 BORROWING REQUIREMENTS

- 4.1 The movement on the Council's external borrowing can be summarised as follows.

	<b>PWLB £000</b>	<b>Other £000</b>	<b>Total £000</b>
External Debt at 1 April 2015	241	7	248
Transactions - New Loans	0	0	0
- Repayments	-18	0	- 18
<b>External debt at 30 September 2015</b>	<b>223</b>	<b>7</b>	<b>230</b>

- 4.2 No temporary loans were taken out during April to September 2015, as was the case in 2014.
- 4.3 The total interest paid on the Council's external debt during the period was £5,778 compared to £7,008 in the previous year.

## 5 TEMPORARY INVESTMENTS

- 5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum.
- 5.2 The average interest we received on all external investments for the period 1 April 2015 to 30 September 2015 was 0.36%, which was above the average local authority seven-day notice deposit rate of 0.30%.
- 5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	<b>Banks/Building Societies £000</b>	<b>Other Local Authorities £000</b>	<b>Total £000</b>
Monies Invested at 1 April 2015	5,220	0	5,220
Transactions - New Investments	44,840	0	44,840
- Repayment of Investments	-39,235	-0	-39,235
<b>Monies Invested as at 30 September 2015</b>	<b>10,825</b>	<b>0</b>	<b>10,825</b>

- 5.4 The following investments were held as at 30 September 2015.

<b>Date Invested</b>	<b>Nos.</b>	<b>Borrower</b>	<b>Notice</b>	<b>Rate %</b>	<b>£'000</b>	<b>£'000</b>
17 Sept'15	56	Barclays Bank Plc.	Fixed 13 Nov'15	0.370	500	
17 Aug'15	103	Barclays Bank Plc	Fixed 19 Oct'15	0.400	450	
7 Sept'15	116	Barclays Bank Plc	Fixed 19 Oct'15	0.344	450	
						1,400
14 Aug'15	102	Coventry Building Society	Fixed 5 Oct'15	0.410	500	
21 Sept'15	124	Coventry Building Society	Fixed 30 Nov'15	0.420	500	
28 Sept'15	130	Coventry Building Society	Fixed 30 Nov'15	0.420	500	
						1,500
17 Sept'15	83	Bank of Scotland	Fixed 23 Oct'15	0.430	400	
17 Sept'15	87	Bank Of Scotland	Fixed 23 Oct'15	0.430	1,100	
						1,500
19 Aug'15	80	Lloyds Bank Plc	Fixed 23 Oct'15	0.430	830	
28 Aug'15	111	Lloyds Bank Plc	Fixed 23 Oct'15	0.400	670	
						1,500
17 Sept'15	74	Nationwide Building Society	Fixed 19 Nov'15	0.460	1,500	
						1,500
30 Sept'15	131	Yorkshire Building Society	Fixed 8 Jan'16	0.470	1,500	
						1,500
30 Sept'15	132	Debt Management Office	Fixed 19 Oct'15	0.250	600	
						600
18 Sept'15	123	HSBC Bank Plc	Fixed 5 Oct'15	0.210	180	
22 Sept'15	125	HSBC Bank Plc	Fixed 12 Oct'15	0.210	110	

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
25 Sept'15	127	HSBC Bank Plc.	Fixed 5 Oct'15	0.210	100	
28 Sept'15	128	HSBC Bank Plc.	Fixed 19 Oct'15	0.210	175	
28 Sept'15	129	HSBC Bank Plc.	Fixed 22 Oct'15	0.210	100	
30 Sept'15	133	HSBC Bank Plc.	Fixed 5 Oct'15	0.210	500	
30 Sept'15	134	HSBC Bank Plc.	Fixed 23 Oct'15	0.210	160	
						1,325
<b>Total Investments as at 30 September 2015</b>						<b>10,825</b>

5.5 The total interest received on the Council's external investments during the period was £13,625 compared with £8,881 in the previous year.

## 6 PRUDENTIAL INDICATORS

6.1 The Prudential Code for Capital Finance in Local Authorities (the Code) initially came into effect from 1 April 2004. It regulates the Council's ability to undertake new capital investment.

6.2 It was fully revised in 2009 to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS) and has since been updated following regulatory changes resulting from the Localism Bill (2011).

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2015.

- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- Total principal funds invested for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end

6.4 The limits set on interest rate exposures for 2015/16 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	7,015	230
Limits on Fixed Interest Rates	7,015	230
Limits on Variable Interest Rates	1,403	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2015/16 were as follows:

	Upper Limit	Lower Limit	Current Actual
	%	%	%
Under 12 months	20	0	14.28
12 Months and Within 24 Months	20	0	14.27
24 Months and Within 5 Years	40	0	17.62
5 Years and Within 10 Years	30	0	20.56
10 Years and Above	90	0	33.27

6.6 The total principal funds invested for a period longer than 364 days was set at nil. This indicator is in place to ensure that the council is aware of the cash-flow implications of investing for periods of longer than 364 days. In lending surplus funds, the council must ensure that it can't be put in a position where it would be forced to realise any of its investments before their maturity. If this were to be the case, the council could find itself with a financial loss.

6.7 An amendment to the definition for the Prudential Indicator on maximum long term (>364 days) to exclude shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd) was approved by this committee in October 2014.

6.8 No investments (excluding our shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd) have been made in the period for longer than 364 days.

## 7 LOCAL GOVERNMENT BONDS AGENCY

7.1 The Local Government Bonds Agency is a freestanding independent body owned by the local government sector that will raise money efficiently on the capital markets at regular intervals to on-lend to participating local authorities.

7.2 Participating authorities are those local authorities that have invested in the setting up of the Agency or have invested risk capital to capitalise the Agency and fund it through its early years of operations. The agency has been incorporated with the name Local Capital Finance Ltd.

7.3 Ribble Valley Borough Council has invested in the agency, giving an intention to give support of £10,000. Initially the Agency only drew down £4,000 of our commitment due to the overwhelming level of support it had received, with the remaining balance paid in February 2015. So far 60 Councils have joined the Local Government Bond Agency as investors.

7.4 The Agency will offer a viable alternative source of capital funding to councils, other than the Public Works Loans Board (PWLB). Historically we have used the PWLB for our long term borrowing, but rates for new borrowing have started to increase over recent years. The Local Government Bonds Agency will be able to offer loans at better or at least equivalent rates to the PWLB and tailor packages to meet the particular needs of participating authorities.

7.5 Through their investment, such as our own commitment of £10,000, the Agency will be owned by those local authorities that invest in its establishment and those that invest in its capitalisation during its first ten years of operations. Such authorities will become shareholders in the Agency and therefore we, as other authorities, will have our say in the way it is run.

7.6 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates. The contribution will also allow us access to more competitive long term borrowing rates.

## 8 APPROVED ORGANISATIONS

8.1 Principally, Fitch credit ratings are used as an indication of the probability of organisations defaulting on our investments and are defined in Annex 2. They only show an indication of the current credit position. They are being monitored on a regular basis and any significant changes will be reported to this committee. In addition, we monitor and consider the ratings given by rating agents Standard and Poor, and Moody's together with the Fitch ratings prior to investing any monies on a day-to-day basis. The full list of ratings for our approved institutions is shown at Annex 3, and is a snapshot as at 7 October 2015.

(iv) It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets, excluding West Bromwich Building Society, recently we have looked at extending the number of building society to include Nottingham and Cumberland the next 2 building societies based on their total assets. However they were found not to be Fitch rated so have been distrigarded.

8.2 The top 8 building societies based on their total assets are:

Name	Current Ranking August 2015	Fitch Rating		
		Full Transaction Review Date	Long Term	Short Term
Nationwide*	1	04.06.15	A	F1
Yorkshire	2	04.06.15	A-	F1
Coventry*	3	15.07.15	A	F1
Skipton	4	04.06.15	BBB+	F2
Leeds*	5	15.07.15	A-	F1
Principality*	6	04.06.15	BBB+	F2
West Bromwich*	7	Withdrawn from rating process		
Newcastle*	8	15.07.15	BB+	B

\* No change since last reported

8.3 The banks we use are reviewed annually as part of the Treasury Management Practices to take into account their Fitch IBCA long-term and short-term credit rating. The current ratings are as follows:

Fitch Ratings	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc*	15.07.15	A	F1
Barclays Bank Plc *	19.05.15	A	F1
Bank of Scotland Plc*	19.05.15	A+	F1
Co-operative Bank (The)	09.09.15	BBB-	F3

Fitch Ratings	Fitch's Full Transaction Review Date	Long Term	Short Term
HSBC Bank Plc*	19.05.15	AA-	F1+
Lloyds Bank Plc*	19.05.15	A+	F1
National Westminster Bank Plc*	19.05.15	BBB+	F2
Royal Bank of Scotland Plc* (The)	19.05.15	BBB+	F2

\* No change since last reported

8.4 In addition to the building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

## 9 REVIEW OF COUNTERPARTY LIMITS

9.1 Under the council's Treasury Management Policies and Practices there is a maximum amount that can be invested with the approved bodies listed at section 8.2 and 8.3 of this report.

9.2 At certain times of the year there can be an influx of resources that we have available for investment, which has occasionally left the council close to meeting the maximum that can be invested with all approved bodies.

9.3 This is exacerbated by the fact that a number of our approved banks and building societies (based on total assets) are not listed under the Fitch ratings, meaning that we would not use them due to the level of exposure to risk.

9.4 The limits currently set are £1.5m maximum to be invested with each of the approved banks and building societies, and a maximum of £5m with the United Debt Management Office.

9.5 It is proposed that the limit set for investments with approved banks and building societies be increased to £1.75m in order to allow greater flexibility in our day to day treasury management activities. This should not expose the council to a substantially higher risk in our investments as we always aim to spread our investments across the range of approved banks and building societies available to us.

## 10 RECENT EVENTS

10.1 The International Monetary Fund has recently downgraded its forecast for global economic growth this year. It has reduced its figure to 3.1% from the 3.3% it predicted in July. The 2016 forecast is also down from 3.8% to 3.6%. It also warns that the risks of outcome worse than its forecasts are more pronounced than a few months ago.

10.2 The developed economies are expected to manage slightly stronger growth than before, reflecting the modest recovery in the euro-zone and the return of growth in Japan.

10.3 The emerging and developing economies still account for the lion share of global growth, but they are slowing, in 2015 for the fifth consecutive year.

10.4 There is still concern about the financial market volatility, if interest rate rises, investors may be encouraged to move funds out of emerging economies more rapidly than they have done already. Increased debt in the emerging economies, lower commodity prices such as oil and slower growth could undermine their financial stability, which could in turn hit wider economic performance.

- 10.5 It is imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risks.
- 10.6 To ensure our exposure is limited as far as possible, we have continued with the following measures:
- (i) Daily early morning meetings to discuss the latest position
    - Lending arrangements
    - A review of the Markets
    - A review of our current investments and whether we consider they are still safe.
    - Institution Ratings
  - (ii) Authorisation prior to investments with either the Director of Resources or the Head of Financial Services
  - (iii) Keep Leader/Chief Executive informed
  - (iv) Look to arrange new secure options for investments

## 11 CONCLUSION

- 11.1 It is essential to minimise the risk to the principal sums that are invested. Through the careful investment of sums in line with the council's strategy the level of risk in our investments has been kept to a minimum.
- 11.2 With interest rates remaining at low levels, the amount of income received from investing surplus cash balances continues to be low, but higher than those attained for the same period in the 2014/15 financial year.
- 11.3 Due to the continued movement in judgements made by rating agents, and the continued uncertainty in the global economy, a prudent approach continues to be followed in the investment of any surplus cash balances on a day to day basis.

## 12 RECOMMENDED THAT COMMITTEE

- 12.1 Approve the increase to the maximum investment limits for approved banks and building societies from £1.5m to £1.75m.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF62-15/TH/AC  
7 October 2015

For further information please ask for Trudy Holderness.



**POLICY AND FINANCE COMMITTEE  
TEMPORARY INVESTMENT ACTIVITY – 2015/16**

**ANNEX 1**

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
<b>Investments brought forward 1 April 2015</b>									
17-Mar-15	219	Nationwide BS	1,500,000	0.4300	21-Apr-15	-1,500,000	-618.49	A	F1
					Debtor		265.07		
30-Mar-15	222	Coventry BS	Rolled Over	0.3900	20-Apr-15		-112.19	A	F1
20-Apr-15	222	Coventry BS	500,000	0.4100	29-May-15	-500,000	-219.04		
					Debtor		10.68		
16-Feb-15	231	Lloyds Bank Plc	500,000	0.4200	20-Apr-15	-500,000	-362.47	A	F1
					Debtor		253.15		
04-Mar-15	238	Barclays Bank Plc	Rolled Over	0.3300	13-Apr-15		-180.82	A	F1
13-Apr-15	238	Barclays Bank Plc	500,000	0.3300	19-May-15	-500,000	-162.74		
					Debtor		126.58		
23-Mar-15	248	Coventry BS	Rolled Over	0.4000	21-Apr-15		-158.90	A	F1
21-Apr-15	248	Coventry BS	500,000	0.4100	29-May-15	-500,000	-213.42		
					Debtor		49.32		
25-Mar-15	250	HSBC	150,000	0.2100	08-Apr-15	-150,000	-12.08	AA-	F1+
					Debtor		6.04		
30-Mar-15	252	HSBC	500,000	0.2100	08-Apr-15	-500,000	-25.89	AA-	F1+
					Debtor		5.75		

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAYD	PRINCIPAL REPAYD £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
31-Mar-15	253	Bank Of Scotland	1,000,000	0.4000	21-Apr-15	-1,000,000	-230.14	A	F1
					Debtor		10.96		
31-Mar-15	254	HSBC	70,000	0.2100	01-Apr-15	-70,000	-0.40	AA-	F1+
					Debtor		0.40		
<b>Monies invested @ 1 April 2015</b>			<b>5,220,000</b>			<b>-5,220,000</b>	<b>-1,568.63</b>		
<b>Investments Made April to September 2015</b>									
<b>Apr'15</b>									
01-Apr-15	1	Coventry BS	Rolled Over	0.4200	18-May-15		-270.41	A	F1
18-May-15	1	Coventry BS	Rolled Over	0.4000	22-Jun-15		-191.78	A	F1
22-Jun-15	1	Coventry BS	500,000	0.4100	11-Aug-15	-500,000	-280.82	A	F1
01-Apr-15	2	HSBC	80,000	0.2100	13-Apr-15	-80,000	-5.52	AA-	F1+
07-Apr-15	3	HSBC	80,000	0.2100	08-Apr-15	-80,000	-0.46	AA-	F1+
08-Apr-15	4	Bank Of Scotland	Rolled Over	0.4300	19-May-15		-241.51	A	F1
19-May-15	4	Bank Of Scotland	500,000	0.4500	06-Jul-15	-500,000	-295.89	A	F1
08-Apr-15	5	HSBC	270,000	0.2100	13-Apr-15	-270,000	-7.77	AA-	F1+
09-Apr-15	6	HSBC	70,000	0.2100	13-Apr-15	-70,000	-1.61	AA-	F1+
10-Apr-15	7	HSBC	300,000	0.2100	13-Apr-15	-300,000	-5.18	AA-	F1+
13-Apr-15	8	HSBC	100,000	0.2100	14-Apr-15	-100,000	-0.58	AA-	F1+
13-Apr-15	9	HSBC	220,000	0.2100	20-Apr-15	-220,000	-8.86	AA-	F1+
14-Apr-15	10	HSBC	150,000	0.2100	15-Apr-15	-150,000	-0.86	AA-	F1+
15-Apr-15	11	HSBC	90,000	0.2100	16-Apr-15	-90,000	-0.52	AA-	F1+
15-Apr-15	12	HSBC	100,000	0.2100	17-Apr-15	-100,000	-1.15	AA-	F1+
15-Apr-15	13	HSBC	650,000	0.2100	20-Apr-15	-650,000	-18.70	AA-	F1+
16-Apr-15	14	HSBC	130,000	0.2100	17-Apr-15	-130,000	-0.75	AA-	F1+
17-Apr-15	15	HSBC	180,000	0.2100	27-Apr-15	-180,000	-10.36	AA-	F1+
20-Apr-15	16	HSBC	750,000	0.2100	21-Apr-15	-750,000	-4.32	AA-	F1+
20-Apr-15	17	HSBC	100,000	0.2100	22-Apr-15	-100,000	-1.15	AA-	F1+
21-Apr-15	18	HSBC	210,000	0.2100	27-Apr-15	-210,000	-7.25	AA-	F1+
22-Apr-15	19	HSBC	70,000	0.2100	23-Apr-15	-70,000	-0.40	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPaid	PRINCIPAL REPaid £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
23-Apr-15	20	HSBC	120,000	0.2100	05-May-15	-120,000	-8.28	AA-	F1+
24-Apr-15	21	HSBC	60,000	0.2100	27-Apr-15	-60,000	-1.04	AA-	F1+
27-Apr-15	22	HSBC	150,000	0.2100	05-May-15	-150,000	-6.90	AA-	F1+
27-Apr-15	23	HSBC	200,000	0.2100	11-May-15	-200,000	-16.11	AA-	F1+
27-Apr-15	24	HSBC	200,000	0.2100	15-May-15	-200,000	-20.71	AA-	F1+
28-Apr-15	25	Bank Of Scotland	850,000	0.4300	29-May-15	-850,000	-310.42	A	F1
29-Apr-15	26	HSBC	160,000	0.2100	30-Apr-15	-160,000	-0.92	AA-	F1+
30-Apr-15	27	Nationwide BS	Rolled Over	0.4300	29-May-15		-512.47	A	F1
29-May-15	27	Nationwide BS	1,500,000	0.4300	06-Jul-15	-1,500,000	-672	A	F1
30-Apr-15	28	HSBC	450,000	0.2100	15-May-15	-450,000	-38.84	AA-	F1+
			<b>8,240,000</b>			<b>-8,240,000</b>	<b>-2,943.05</b>		
<b>May'15</b>									
01-May-15	29	HSBC	100,000	0.2100	18-May-15	-100,000	-9.78	AA-	F1+
05-May-15	30	HSBC	160,000	0.2100	18-May-15	-160,000	-11.97	AA-	F1+
05-May-15	31	HSBC	100,000	0.2100	19-May-15	-100,000	-8.05	AA-	F1+
05-May-15	32	HSBC	100,000	0.2100	22-May-15	-100,000	-9.78	AA-	F1+
06-May-15	33	HSBC	110,000	0.2100	11-May-15	-110,000	-3.16	AA-	F1+
08-May-15	34	HSBC	80,000	0.2100	11-May-15	-80,000	-1.38	AA-	F1+
11-May-15	35	Barclays Bank Plc	Rolled Over	0.3400	15-Jun-15		-163.01	A	F1
15-Jun-15	35	Barclays Bank Plc	500,000	0.2700	13-Jul-15	-500,000	-103.56	A	F1
12-May-15	36	HSBC	60,000	0.2100	15-May-15	-60,000	-1.04	AA-	F1+
13-May-15	37	HSBC	65,000	0.2100	26-May-15	-65,000	-4.86	AA-	F1+
14-May-15	38	HSBC	80,000	0.2100	26-May-15	-80,000	-5.52	AA-	F1+
15-May-15	39	HSBC	680,000	0.2100	18-May-15	-680,000	-11.74	AA-	F1+
15-May-15	40	Barclays Bank Plc	500,000	0.3300	22-Jun-15	-500,000	-171.78	A	F1
18-May-15	41	HSBC	520,000	0.2100	19-May-15	-520,000	-2.99	AA-	F1+
19-May-15	42	HSBC	80,000	0.2100	26-May-15	-80,000	-3.22	AA-	F1+
20-May-15	43	HSBC	80,000	0.2100	08-Jun-15	-80,000	-8.75	AA-	F1+
21-May-15	44	HSBC	80,000	0.2100	08-Jun-15	-80,000	-8.28	AA-	F1+
22-May-15	45	HSBC	60,000	0.2100	29-May-15	-60,000	-2.42	AA-	F1+
26-May-15	46	HSBC	180,000	0.2100	29-May-15	-180,000	-3.11	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
27-May-15	47	HSBC	110,000	0.2100	29-May-15	-110,000	-1.27	AA-	F1+
28-May-15	48	HSBC	900,000	0.2100	29-May-15	-900,000	-5.18	AA-	F1+
29-May-15	49	HSBC	80,000	0.2100	01-Jun-15	-80,000	-1.38	AA-	F1+
			<b>4,625,000</b>			<b>-4,625,000</b>	<b>-542.23</b>		
<b>Jun'15</b>									
01-Jun-15	50	HSBC	800,000	0.2100	08-Jun-15	-800,000	-32.22	AA-	F1+
01-Jun-15	51	Bank Of Scotland	1,000,000	0.4500	20-Jul-15	-1,000,000	-604.11	A	F1
01-Jun-15	52	Coventry BS	Rolled Over	0.4100	06-Jul-15		-393.15	A	F1
06-Jul-15	52	Coventry BS	Rolled Over	0.4100	11-Aug-15		-404.38	A	F1
11-Aug-15	52	Coventry BS	1,000,000	0.4100	21-Sep-15	-1,000,000	-460.55	A	F1
03-Jun-15	53	HSBC	120,000	0.2100	19-Jun-15	-120,000	-11.05	AA-	F1+
05-Jun-15	54	HSBC	100,000	0.2100	08-Jun-15	-100,000	-1.73	AA-	F1+
08-Jun-15	55	HSBC	570,000	0.2100	15-Jun-15	-570,000	-22.96	AA-	F1+
08-Jun-15	56	Barclays Bank Plc	Rolled Over	0.3500	07-Aug-15		-287.67	A	F1
07-Aug-15	56	Barclays Bank Plc	Rolled Over	0.3430	17-Sep-15		-192.64	A	F1
17-Sep-15	56	Barclays Bank Plc	500,000	0.3700	Still Outstanding		-70.96	A	F1
10-Jun-15	57	HSBC	85,000	0.2100	22-Jun-15	-85,000	-5.87	AA-	F1+
12-Jun-15	58	HSBC	275,000	0.2100	22-Jun-15	-275,000	-15.82	AA-	F1+
15-Jun-15	59	HSBC	330,000	0.2100	22-Jun-15	-330,000	-13.29	AA-	F1+
18-Jun-15	60	HSBC	100,000	0.2100	22-Jun-15	-100,000	-2.30	AA-	F1+
19-Jun-15	61	HSBC	65,000	0.2100	22-Jun-15	-65,000	-1.12	AA-	F1+
22-Jun-15	62	HSBC	230,000	0.2100	29-Jun-15	-230,000	-9.26	AA-	F1+
24-Jun-15	63	HSBC	150,000	0.2100	17-Jul-15	-150,000	-19.85	AA-	F1+
26-Jun-15	64	HSBC	110,000	0.2100	06-Jul-15	-110,000	-6.33	AA-	F1+
29-Jun-15	65	HSBC	460,000	0.2100	06-Jul-15	-460,000	-18.53	AA-	F1+
29-Jun-15	66	Barclays Bank Plc	500,000	0.3400	11-Aug-15	-500,000	-200.27	A	F1
30-Jun-15	67	HSBC	600,000	0.2100	06-Jul-15	-600,000	-20.71	AA-	F1+
30-Jun-15	68	Debt Management Office	1,600,000	0.2500	07-Jul-15	-1,600,000	-76.71	AA	
30-Jun-15	69	Lloyds Bank Plc	Rolled Over	0.4000	13-Jul-15		-74.08	A+	F1
13-Jul-15	69	Lloyds Bank Plc	520,000	0.4300	19-Aug-15	-520,000	-226.66	A+	F1
			<b>9,115,000</b>			<b>-8,615,000</b>	<b>-3,172.22</b>		

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								LONG-TERM	SHORT-TERM
<b>Jul'15</b>									
01-Jul-15	70	HSBC	180,000	0.2100	02-Jul-15	-180,000	-1.04	AA-	F1+
02-Jul-15	71	HSBC	180,000	0.2100	06-Jul-15	-180,000	-4.14	AA-	F1+
06-Jul-15	72	HSBC	150,000	0.2100	13-Jul-15	-150,000	-6.04	AA-	F1+
06-Jul-15	73	HSBC	130,000	0.2100	20-Jul-15	-130,000	-10.47	AA-	F1+
07-Jul-15	74	Nationwide BS	Rolled Over	0.4300	11-Aug-15		-618.49	A	F1
11-Aug-15	74	Nationwide BS	Rolled Over	0.4400	17-Sep-15		-669.04	A	F1
17-Sep-15	74	Nationwide BS	1,500,000	0.4600	Still Outstanding		-264.66	A	F1
07-Jul-15	75	HSBC	120,000	0.2100	22-Jul-15	-120,000	-10.36	AA-	F1+
09-Jul-15	76	HSBC	220,000	0.2100	27-Jul-15	-220,000	-22.78	AA-	F1+
10-Jul-15	77	HSBC	280,000	0.2100	13-Jul-15	-280,000	-4.83	AA-	F1+
13-Jul-15	78	HSBC	220,000	0.2100	15-Jul-15	-220,000	-2.53	AA-	F1+
15-Jul-15	79	HSBC	100,000	0.2100	20-Jul-15	-100,000	-2.88	AA-	F1+
15-Jul-15	80	Lloyds Bank Plc	Rolled Over	0.4000	19-Aug-15		-318.36	A+	F1
19-Aug-15	80	Lloyds Bank Plc	830,000	0.4300	Still Outstanding		-420.46	A+	F1
16-Jul-15	81	HSBC	80,000	0.2100	20-Jul-15	-80,000	-1.84	AA-	F1+
17-Jul-15	82	HSBC	90,000	0.2100	20-Jul-15	-90,000	-1.55	AA-	F1+
20-Jul-15	83	Bank Of Scotland	Rolled Over	0.4000	10-Aug-15		-92.05	A	F1
10-Aug-15	83	Bank Of Scotland	Rolled Over	0.4300	17-Sep-15		-179.07	A	F1
17-Sep-15	83	Bank Of Scotland	400,000	0.4300	Still Outstanding		-65.97	A	F1
22-Jul-15	84	HSBC	100,000	0.2100	23-Jul-15	-100,000	-0.58	AA-	F1+
23-Jul-15	85	HSBC	130,000	0.2100	03-Aug-15	-130,000	-8.23	AA-	F1+
27-Jul-15	86	HSBC	310,000	0.2100	28-Jul-15	-310,000	-1.78	AA-	F1+
28-Jul-15	87	Bank Of Scotland	Rolled Over	0.4500	17-Sep-15		-691.64	A	F1
17-Sep-15	87	Bank Of Scotland	1,100,000	0.4300	Still Outstanding		-181.42	A	F1
28-Jul-15	88	HSBC	75,000	0.2100	31-Jul-15	-75,000	-1.29	AA-	F1+
30-Jul-15	89	HSBC	150,000	0.2100	10-Aug-15	-150,000	-9.49	AA-	F1+
31-Jul-15	90	HSBC	260,000	0.2100	10-Aug-15	-260,000	-14.96	AA-	F1+
31-Jul-15	91	Debt Management Office	2,500,000	0.2500	11-Aug-15	-2,500,000	-188.36	AA	
31-Jul-15	92	Barclays Bank Plc	500,000	0.3420	07-Sep-15	-500,000	-178.03	A	F1
			<b>9,605,000</b>			<b>-5,775,000</b>	<b>-3,972.34</b>		

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								LONG-TERM	SHORT-TERM
<b>Aug'15</b>									
03-Aug-15	93	HSBC	175,000	0.2100	14-Aug-15	-175,000	-11.08	AA-	F1+
05-Aug-15	94	HSBC	120,000	0.2100	10-Aug-15	-120,000	-3.45	AA-	F1+
07-Aug-15	95	HSBC	90,000	0.2100	10-Aug-15	-90,000	-1.55	AA-	F1+
10-Aug-15	96	HSBC	60,000	0.2100	14-Aug-15	-60,000	-1.38	AA-	F1+
11-Aug-15	97	HSBC	100,000	0.2100	14-Aug-15	-100,000	-1.73	AA-	F1+
11-Aug-15	98	HSBC	230,000	0.2100	17-Aug-15	-230,000	-7.94	AA-	F1+
11-Aug-15	99	HSBC	100,000	0.2100	21-Aug-15	-100,000	-5.75	AA-	F1+
13-Aug-15	100	HSBC	90,000	0.2100	24-Aug-15	-90,000	-5.70	AA-	F1+
14-Aug-15	101	HSBC	50,000	0.2100	17-Aug-15	-50,000	-0.86	AA-	F1+
14-Aug-15	102	Coventry BS	500,000	0.4100	Still Outstanding		-269.59	A	F1
17-Aug-15	103	Barclays Bank Plc	450,000	0.4000	Still Outstanding		-221.92	A	F1
17-Aug-15	104	HSBC	520,000	0.2100	19-Aug-15	-520,000	-5.98	AA-	F1+
19-Aug-15	105	HSBC	170,000	0.2100	24-Aug-15	-170,000	-4.89	AA-	F1+
20-Aug-15	106	HSBC	80,000	0.2100	24-Aug-15	-80,000	-1.84	AA-	F1+
21-Aug-15	107	HSBC	50,000	0.2100	24-Aug-15	-50,000	-0.86	AA-	F1+
24-Aug-15	108	HSBC	350,000	0.2100	07-Sep-15	-350,000	-28.19	AA-	F1+
25-Aug-15	109	HSBC	60,000	0.2100	14-Sep-15	-60,000	-6.90	AA-	F1+
27-Aug-15	110	HSBC	90,000	0.2100	14-Sep-15	-90,000	-9.32	AA-	F1+
28-Aug-15	111	Lloyds Bank Plc	670,000	0.4000	Still Outstanding		-249.64	A+	F1
28-Aug-15	112	HSBC	200,000	0.2100	18-Sep-15	-200,000	-24.16	AA-	F1+
			<b>4,155,000</b>			<b>-2,535,000</b>	<b>-862.73</b>		
<b>Sept'15</b>									
01-Sep-15	113	Debt Management Office	2,700,000	0.2500	17-Sep-15	-2,700,000	-295.89	AA	
01-Sep-15	114	HSBC	50,000	0.2100	07-Sep-15	-50,000	-1.73	AA-	F1+
03-Sep-15	115	HSBC	130,000	0.2100	22-Sep-15	-130,000	-14.21	AA-	F1+
07-Sep-15	116	Barclays Bank Plc	450,000	0.3440	Still Outstanding		-101.79	A	F1
09-Sep-15	117	HSBC	60,000	0.2100	10-Sep-15	-60,000	-0.35	AA-	F1+
10-Sep-15	118	HSBC	90,000	0.2100	14-Sep-15	-90,000	-2.07	AA-	F1+
14-Sep-15	119	HSBC	250,000	0.2100	15-Sep-15	-250,000	-1.44	AA-	F1+
15-Sep-15	120	HSBC	500,000	0.2100	17-Sep-15	-500,000	-5.75	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
15-Sep-15	121	HSBC	200,000	0.2100	21-Sep-15	-200,000	-6.90	AA-	F1+
17-Sep-15	122	HSBC	185,000	0.2100	21-Sep-15	-185,000	-4.26	AA-	F1+
18-Sep-15	123	HSBC	180,000	0.2100	Still Outstanding		-13.46	AA-	F1+
21-Sep-15	124	Coventry BS	500,000	0.4200	Still Outstanding		-57.53	A	F1
22-Sep-15	125	HSBC	110,000	0.2100	Still Outstanding		-5.70	AA-	F1+
24-Sep-15	126	HSBC	60,000	0.2100	25-Sep-15	-60,000	-0.35	AA-	F1+
25-Sep-15	127	HSBC	100,000	0.2100	Still Outstanding		-3.45	AA-	F1+
28-Sep-15	128	HSBC	175,000	0.2100	Still Outstanding		-3.02	AA-	F1+
28-Sep-15	129	HSBC	100,000	0.2100	Still Outstanding		-1.73	AA-	F1+
28-Sep-15	130	Coventry BS	500,000	0.4200	Still Outstanding		-17.26	A	F1
30-Sep-15	131	Yorkshire BS	1,500,000	0.4700	Still Outstanding		-19.32	A-	F1
30-Sep-15	132	Debt Management Office	600,000	0.2500	Still Outstanding		-4.11	AA	
30-Sep-15	133	HSBC	500,000	0.2100	Still Outstanding		-2.88	AA-	F1+
30-Sep-15	134	HSBC	160,000	0.2100	Still Outstanding		-0.92	AA-	F1+
			<b>9,100,000</b>			<b>-4,225,000</b>	<b>-564.12</b>		
<b>2015/16 Investments made April to September</b>			<b>44,840,000</b>			<b>-34,015,000</b>	<b>-12,056.69</b>		
<b>Total investments 2015/16 (included Investments brought forward from 2014/15)</b>			<b>50,060,000</b>			<b>-39,235,000</b>	<b>-13,625.32</b>		

## POLICY AND FINANCE COMMITTEE

<b>Fitch Rating Definitions</b>	
<b>International Long-Term Credit Ratings</b>	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
<b>International Short-Term Credit ratings</b>	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.
B	Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.



**POLICY AND FINANCE COMMITTEE**  
**FULL RATING LIST OF APPROVED INSTITUTIONS AS AT 7 OCTOBER 2015**

	Standard & Poor			Moody's			Fitch				Notes
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Full	Long Term	Short Term	Outlook	
<b>Building Societies</b>											
Nationwide	A	A-1	Stable	A1	P-1	Stable	04/06/15	A	F1	Stable	£1m min
Yorkshire	-	-	-	A3	P-2	Positive	04/06/15	A-	F1	Stable	Via Sterling Brokers
Coventry	-	-	-	A2	P-1	Positive	15/07/15	A	F1	Stable	Via Sterling Brokers
Skipton	-	-	-	Baa2	P-2	Stable	04/06/15	BBB+	F2	Stable	
Leeds	-	-	-	A2	P-1	Stable	15/07/15	A-	F1	Stable	Not taking funds
Principality	-	-	-	Baa3	P-3	Positive	04/06/15	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn – 13/10/11			15/07/15	BB+	B	Stable	No Contact
<b>Banks</b>											
Santander UK Plc.	A	A-1	Negative	A1	P-1	Stable	15/07/15	A	F1	Positive	New Contact
Barclays Bank Plc.	A-	A-2	Stable	A2	P-1	Stable	19/05/15	A	F1	Stable	
Bank of Scotland Plc.	A	A-1	Stable	A1	P-1	Positive	19/05/15	A+	F1	Stable	
Bradford & Bingley Bank Plc.	-	-	-	A1	P-1	Stable	Rating Withdrawn – 06/09/12				Not taking funds
Co-operative Bank (The)	-	-	-	Caa2	NP	Positive	09/09/15	BBB+	F3	Positive	£1m min
HSBC Bank Plc.	AA-	A-1+	Stable	Aa2	P-1	Stable	19/05/15	AA-	F1+	Stable	
Lloyds Bank Plc.	A	A-1	Stable	A1	P-1	Positive	19/05/15	A+	F1	Stable	£250k min
National Westminster Bank Plc.	BBB+	A-2	Stable	A3	P-2	Stable	19/05/15	BBB+	F2	Stable	Current a/c Required
Northern Rock (Asset Management) Plc. (NRAM Plc)	A	A-1	Stable	A1	P-1	Stable	Rating Withdrawn – 06/09/12				No Contact
Royal Bank of Scotland Plc.	BBB+	A-2	Stable	A3	P-2	Stable	19/05/15	BBB+	F2	Stable	Current a/c Required